

SENATE BILL No. 213

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 8-22-3.5-11; IC 36-7.

Synopsis: Assessment of real property. Beginning with the general reassessment of real property that takes effect for the assessment date in 2011, provides that general reassessments occur every nine years instead of every five years. Provides that real property assessment adjustments done annually under current law will occur every three years between general reassessments. Corrects internal references.

Effective: January 1, 2009 (retroactive); July 1, 2009.

Randolph

January 7, 2009, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 213

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-4-4, AS AMENDED BY P.L.146-2008,
2 SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]: Sec. 4. (a) A general reassessment, involving a
4 physical inspection of all real property in Indiana, shall begin July 1,
5 2000, and be the basis for taxes payable in 2003.

6 (b) A general reassessment, involving a physical inspection of all
7 real property in Indiana, shall begin July 1, 2009, and each ~~fifth~~ **ninth**
8 year thereafter. Each reassessment under this subsection:

9 (1) shall be completed on or before March 1 of the year that
10 succeeds by two (2) years the year in which the general
11 reassessment begins; and

12 (2) shall be the basis for taxes payable in the year following the
13 year in which the general assessment is to be completed.

14 (c) In order to ensure that assessing officials are prepared for a
15 general reassessment of real property, the department of local
16 government finance shall give adequate advance notice of the general
17 reassessment to the assessing officials of each county.

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SECTION 2. IC 6-1.1-4-4.5, AS AMENDED BY P.L.228-2005, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing:

(1) a system for ~~annually~~ adjusting **for the assessment date in each year through and including 2010 that is not a year in which a reassessment becomes effective** the assessed value of real property to account for changes in value in those years since a general reassessment of property last took effect; **and**

(2) a system for adjusting for the assessment date in:

(A) 2014; and

(B) each third year thereafter that is not a year in which a reassessment becomes effective;

the assessed value of real property to account for changes in value in those years since an adjustment under this section or a general reassessment of property last took effect.

(b) Subject to subsection (c), the system must be applied to adjust assessed values beginning with the 2006 assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

~~(c)~~ (b) The rules adopted under subsection (a) must include the following characteristics in the system:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Require that assessing officials:

(A) reevaluate the factors that affect value;

(B) express the interactions of those factors mathematically;

(C) use mass appraisal techniques to estimate updated property values within statistical measures of accuracy; and

(D) provide notice to taxpayers of an assessment increase that results from the application of ~~annual~~ adjustments **under this section.**

(3) Prescribe procedures that permit the application of the adjustment percentages in an efficient manner by assessing officials.

~~(d)~~ (c) The department of local government finance must review and certify each ~~annual~~ adjustment determined under this section.

~~(e)~~ (d) In making the ~~annual~~ determination of the base rate to satisfy the requirement for an ~~annual~~ adjustment under subsection (a), the department of local government finance shall determine the base rate using the methodology reflected in Table 2-18 of Book 1, Chapter 2 of the department of local government finance's Real Property Assessment Guidelines (as in effect on January 1, 2005), except that the department

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shall adjust the methodology to use a six (6) year rolling average instead of a four (4) year rolling average.

SECTION 3. IC 6-1.1-4-16, AS AMENDED BY P.L.146-2008, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 16. (a) For purposes of making a general reassessment of real property, or ~~annual~~ adjustments under section 4.5 of this chapter, a township assessor (if any) and a county assessor may employ:

- (1) deputies;
- (2) employees; and
- (3) technical advisors who are:
 - (A) qualified to determine real property values;
 - (B) professional appraisers certified under 50 IAC 15; and
 - (C) employed either on a full-time or a part-time basis, subject to sections 18.5 and 19.5 of this chapter.

(b) The county council of each county shall appropriate the funds necessary for the employment of deputies, employees, or technical advisors employed under subsection (a) of this section.

SECTION 4. IC 6-1.1-4-27.5, AS AMENDED BY P.L.146-2008, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 27.5. (a) The auditor of each county shall establish a property reassessment fund. The county treasurer shall deposit all collections resulting from the property taxes that the county levies for the county's property reassessment fund.

(b) With respect to the general reassessment of real property that is to commence on July 1, 2009, the county council of each county shall, for property taxes due in 2006, 2007, 2008, and 2009, levy in each year against all the taxable property in the county an amount equal to one-fourth (1/4) of the remainder of:

- (1) the estimated costs referred to in section 28.5(a) of this chapter; minus
- (2) the amount levied under this section by the county council for property taxes due in 2004 and 2005.

(c) With respect to a general reassessment of real property that is to commence on July 1, 2014, and each ~~fifth~~ **ninth** year thereafter, the county council of each county shall, for property taxes due in the year that the general reassessment is to commence and the ~~four (4)~~ **eight (8)** years preceding that year, levy against all the taxable property in the county an amount equal to ~~one-fifth (1/5)~~ **one-ninth (1/9)** of the estimated costs of the general reassessment under section 28.5 of this chapter.

(d) The department of local government finance shall give to each

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county council notice, before January 1 in a year, of the tax levies required by this section for that year.

(e) The department of local government finance may raise or lower the property tax levy under this section for a year if the department determines it is appropriate because the estimated cost of:

(1) a general reassessment; or

(2) making ~~annual~~ adjustments under section 4.5 of this chapter; has changed.

(f) The county assessor may petition the county fiscal body to increase the levy under subsection (b) or (c) to pay for the costs of:

(1) a general reassessment;

(2) verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to the county assessor under IC 6-1.1-5.5-3; or

(3) processing ~~annual~~ adjustments under section 4.5 of this chapter.

The assessor must document the needs and reasons for the increased funding.

(g) If the county fiscal body denies a petition under subsection (f), the county assessor may appeal to the department of local government finance. The department of local government finance shall:

(1) hear the appeal; and

(2) determine whether the additional levy is necessary.

SECTION 5. IC 6-1.1-4-28.5, AS AMENDED BY P.L.146-2008, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 28.5. (a) Money assigned to a property reassessment fund under section 27.5 of this chapter may be used only to pay the costs of:

(1) the general reassessment of real property, including the computerization of assessment records;

(2) payments to assessing officials and hearing officers for county property tax assessment boards of appeals under IC 6-1.1-35.2;

(3) the development or updating of detailed soil survey data by the United States Department of Agriculture or its successor agency;

(4) the updating of plat books;

(5) payments for the salary of permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials;

(6) making ~~annual~~ adjustments under section 4.5 of this chapter; and

(7) the verification under 50 IAC 21-3-2 of sales disclosure forms forwarded to:

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- 1 (A) the county assessor; or
 2 (B) township assessors (if any);
 3 under IC 6-1.1-5.5-3.

4 Money in a property tax reassessment fund may not be transferred or
 5 reassigned to any other fund and may not be used for any purposes
 6 other than those set forth in this section.

7 (b) All counties shall use modern, detailed soil maps in the general
 8 reassessment of agricultural land.

9 (c) The county treasurer of each county shall, in accordance with
 10 IC 5-13-9, invest any money accumulated in the property reassessment
 11 fund. Any interest received from investment of the money shall be paid
 12 into the property reassessment fund.

13 (d) An appropriation under this section must be approved by the
 14 fiscal body of the county after the review and recommendation of the
 15 county assessor. However, in a county with a township assessor in
 16 every township, the county assessor does not review an appropriation
 17 under this section, and only the fiscal body must approve an
 18 appropriation under this section.

19 SECTION 6. IC 6-1.1-12.4-2, AS AMENDED BY P.L.146-2008,
 20 SECTION 130, IS AMENDED TO READ AS FOLLOWS
 21 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 2. (a) For
 22 purposes of this section, an increase in the assessed value of real
 23 property is determined in the same manner that an increase in the
 24 assessed value of real property is determined for purposes of
 25 IC 6-1.1-12.1.

26 (b) This subsection applies only to a development, redevelopment,
 27 or rehabilitation that is first assessed after March 1, 2005, and before
 28 March 2, 2007. Except as provided in subsection (h) and sections 4, 5,
 29 and 8 of this chapter, an owner of real property that:

- 30 (1) develops, redevelops, or rehabilitates the real property; and
 31 (2) creates or retains employment from the development,
 32 redevelopment, or rehabilitation;

33 is entitled to a deduction from the assessed value of the real property.

34 (c) Subject to section 14 of this chapter, the deduction under this
 35 section is first available in the year in which the increase in assessed
 36 value resulting from the development, redevelopment, or rehabilitation
 37 occurs and continues for the following two (2) years. The amount of the
 38 deduction that a property owner may receive with respect to real
 39 property located in a county for a particular year equals the lesser of:

- 40 (1) two million dollars (\$2,000,000); or
 41 (2) the product of:
 42 (A) the increase in assessed value resulting from the

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development, rehabilitation, or redevelopment; multiplied by

(B) the percentage from the following table:

YEAR OF DEDUCTION	PERCENTAGE
1st	75%
2nd	50%
3rd	25%

(d) A property owner that qualifies for the deduction under this section must file a notice to claim the deduction in the manner prescribed by the department of local government finance under rules adopted by the department of local government finance under IC 4-22-2 to implement this chapter. The township assessor, or the county assessor if there is no township assessor for the township, shall:

(1) inform the county auditor of the real property eligible for the deduction as contained in the notice filed by the taxpayer under this subsection; and

(2) inform the county auditor of the deduction amount.

(e) The county auditor shall:

(1) make the deductions; and

(2) notify the county property tax assessment board of appeals of all deductions approved;

under this section.

(f) The amount of the deduction determined under subsection (c)(2) is adjusted to reflect the percentage increase or decrease in assessed valuation that results from:

(1) a general reassessment of real property under IC 6-1.1-4-4; or

(2) an ~~annual~~ adjustment under IC 6-1.1-4-4.5.

(g) If an appeal of an assessment is approved that results in a reduction of the assessed value of the real property, the amount of the deduction under this section is adjusted to reflect the percentage decrease that results from the appeal.

(h) The deduction under this section does not apply to a facility listed in IC 6-1.1-12.1-3(e).

SECTION 7. IC 6-1.1-18-12, AS AMENDED BY P.L.146-2008, SECTION 168, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 12. (a) For purposes of this section, "maximum rate" refers to the maximum:

(1) property tax rate or rates; or

(2) special benefits tax rate or rates;

referred to in the statutes listed in subsection (d).

(b) The maximum rate for taxes first due and payable after 2003 is the maximum rate that would have been determined under subsection (e) for taxes first due and payable in 2003 if subsection (e) had applied

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- 1 for taxes first due and payable in 2003.
- 2 (c) The maximum rate must be adjusted each year to account for the
- 3 change in assessed value of real property that results from:
- 4 (1) an ~~annual~~ adjustment of the assessed value of real property
- 5 under IC 6-1.1-4-4.5; or
- 6 (2) a general reassessment of real property under IC 6-1.1-4-4.
- 7 (d) The statutes to which subsection (a) refers are:
- 8 (1) IC 8-10-5-17;
- 9 (2) IC 8-22-3-11;
- 10 (3) IC 8-22-3-25;
- 11 (4) IC 12-29-1-1;
- 12 (5) IC 12-29-1-2;
- 13 (6) IC 12-29-1-3;
- 14 (7) IC 12-29-3-6;
- 15 (8) IC 13-21-3-12;
- 16 (9) IC 13-21-3-15;
- 17 (10) IC 14-27-6-30;
- 18 (11) IC 14-33-7-3;
- 19 (12) IC 14-33-21-5;
- 20 (13) IC 15-14-7-4;
- 21 (14) IC 15-14-9-1;
- 22 (15) IC 15-14-9-2;
- 23 (16) IC 16-20-2-18;
- 24 (17) IC 16-20-4-27;
- 25 (18) IC 16-20-7-2;
- 26 (19) IC 16-22-14;
- 27 (20) IC 16-23-1-29;
- 28 (21) IC 16-23-3-6;
- 29 (22) IC 16-23-4-2;
- 30 (23) IC 16-23-5-6;
- 31 (24) IC 16-23-7-2;
- 32 (25) IC 16-23-8-2;
- 33 (26) IC 16-23-9-2;
- 34 (27) IC 16-41-15-5;
- 35 (28) IC 16-41-33-4;
- 36 (29) IC 20-46-2-3 (before its repeal on January 1, 2009);
- 37 (30) IC 20-46-6-5;
- 38 (31) IC 20-49-2-10;
- 39 (32) IC 36-1-19-1;
- 40 (33) IC 23-14-66-2;
- 41 (34) IC 23-14-67-3;
- 42 (35) IC 36-7-13-4;

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- (36) IC 36-7-14-28;
 (37) IC 36-7-15.1-16;
 (38) IC 36-8-19-8.5;
 (39) IC 36-9-6.1-2;
 (40) IC 36-9-17.5-4;
 (41) IC 36-9-27-73;
 (42) IC 36-9-29-31;
 (43) IC 36-9-29.1-15;
 (44) IC 36-10-6-2;
 (45) IC 36-10-7-7;
 (46) IC 36-10-7-8;
 (47) IC 36-10-7.5-19;
 (48) IC 36-10-13-5;
 (49) IC 36-10-13-7;
 (50) IC 36-10-14-4;
 (51) IC 36-12-7-7;
 (52) IC 36-12-7-8;
 (53) IC 36-12-12-10; and
 (54) any statute enacted after December 31, 2003, that:
 (A) establishes a maximum rate for any part of the:
 (i) property taxes; or
 (ii) special benefits taxes;
 imposed by a political subdivision; and
 (B) does not exempt the maximum rate from the adjustment
 under this section.
 (e) The new maximum rate under a statute listed in subsection (d)
 is the tax rate determined under STEP SEVEN of the following STEPS:
 STEP ONE: Determine the maximum rate for the political
 subdivision levying a property tax or special benefits tax under
 the statute for the year preceding the year in which the ~~annual~~
 adjustment or general reassessment takes effect.
 STEP TWO: Determine the actual percentage increase (rounded
 to the nearest one-hundredth percent (0.01%)) in the assessed
 value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the
 taxable property from the year preceding the year the ~~annual~~
 adjustment or general reassessment takes effect to the year that
 the ~~annual~~ adjustment or general reassessment takes effect.
 STEP THREE: Determine the three (3) calendar years that
 immediately precede the ensuing calendar year and in which a
 statewide general reassessment of real property does not first take
 effect.
 STEP FOUR: Compute separately, for each of the calendar years

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determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year. STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(f) The department of local government finance shall compute the maximum rate allowed under subsection (e) and provide the rate to each political subdivision with authority to levy a tax under a statute listed in subsection (d).

SECTION 8. IC 6-1.1-18-13, AS AMENDED BY P.L.219-2007, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 13. (a) The maximum property tax rate levied under IC 20-46-6 by each school corporation for the school corporation's capital projects fund must be adjusted each year to account for the change in assessed value of real property that results from:

(1) an ~~annual~~ adjustment of the assessed value of real property under IC 6-1.1-4-4.5; or

(2) a general reassessment of real property under IC 6-1.1-4-4.

(b) The new maximum rate under this section is the tax rate determined under STEP SEVEN of the following formula:

STEP ONE: Determine the maximum rate for the school corporation for the year preceding the year in which the ~~annual~~ adjustment or general reassessment takes effect.

STEP TWO: Determine the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the year preceding the year the ~~annual~~ adjustment or general reassessment takes effect to the year that the ~~annual~~ adjustment or general reassessment is effective.

STEP THREE: Determine the three (3) calendar years that immediately precede the ensuing calendar year and in which a statewide general reassessment of real property does not first become effective.

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STEP FOUR: Compute separately, for each of the calendar years determined in STEP THREE, the actual percentage increase (rounded to the nearest one-hundredth percent (0.01%)) in the assessed value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the taxable property from the preceding year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Determine the greater of the following:

(A) Zero (0).

(B) The result of the STEP TWO percentage minus the STEP FIVE percentage.

STEP SEVEN: Determine the quotient of the STEP ONE tax rate divided by the sum of one (1) plus the STEP SIX percentage increase.

(c) The department of local government finance shall compute the maximum rate allowed under subsection (b) and provide the rate to each school corporation.

SECTION 9. IC 6-1.1-18.5-1, AS AMENDED BY P.L.154-2006, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the greater of:

(1) the remainder of:

(A) the civil taxing unit's maximum permissible ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined under section 3 of this chapter; minus

(B) one-half (1/2) of the remainder of:

(i) the civil taxing unit's maximum permissible ad valorem property tax levy referred to in clause (A); minus

(ii) the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year referred to in subdivision (2); or

(2) the civil taxing unit's ad valorem property tax levy for the

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calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

~~"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.~~

SECTION 10. IC 6-1.1-18.5-9.8, AS AMENDED BY P.L.219-2007, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 9.8. (a) For purposes of determining the property tax levy limit imposed on a city, town, or county under section 3 of this chapter, the city, town, or county's ad valorem property tax levy for a particular calendar year does not include an amount equal to the lesser of:

(1) the amount of ad valorem property taxes that would be first due and payable to the city, town, or county during the ensuing calendar year if the taxing unit imposed the maximum permissible property tax rate per one hundred dollars (\$100) of assessed valuation that the civil taxing unit may impose for the particular calendar year under the authority of IC 36-9-14.5 (in the case of a county) or IC 36-9-15.5 (in the case of a city or town); or

(2) the excess, if any, of:

(A) the property taxes imposed by the city, town, or county under the authority of:

IC 3-11-6-9;

IC 8-16-3;

IC 8-16-3.1;

IC 8-22-3-25;

IC 14-27-6-48;

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1 IC 14-33-9-3;
 2 IC 16-22-8-41;
 3 IC 16-22-5-2 through IC 16-22-5-15;
 4 IC 16-23-1-40;
 5 IC 36-8-14;
 6 IC 36-9-4-48;
 7 IC 36-9-14;
 8 IC 36-9-14.5;
 9 IC 36-9-15;
 10 IC 36-9-15.5;
 11 IC 36-9-16;
 12 IC 36-9-16.5;
 13 IC 36-9-17;
 14 IC 36-9-26;
 15 IC 36-9-27-100;
 16 IC 36-10-3-21; or
 17 IC 36-10-4-36;
 18 that are first due and payable during the ensuing calendar year;
 19 over
 20 (B) the property taxes imposed by the city, town, or county
 21 under the authority of the citations listed in clause (A) that
 22 were first due and payable during calendar year 1984.
 23 (b) The maximum property tax rate levied under the statutes listed
 24 in subsection (a) must be adjusted each year to account for the change
 25 in assessed value of real property that results from:
 26 (1) an ~~annual~~ adjustment of the assessed value of real property
 27 under IC 6-1.1-4-4.5; or
 28 (2) a general reassessment of real property under IC 6-1.1-4-4.
 29 (c) The new maximum rate under a statute listed in subsection (a)
 30 is the tax rate determined under STEP SEVEN of the following
 31 formula:
 32 STEP ONE: Determine the maximum rate for the political
 33 subdivision levying a property tax under the statute for the year
 34 preceding the year in which the ~~annual~~ adjustment or general
 35 reassessment takes effect.
 36 STEP TWO: Determine the actual percentage increase (rounded
 37 to the nearest one-hundredth percent (0.01%)) in the assessed
 38 value (before the adjustment, if any, under IC 6-1.1-4-4.5) of the
 39 taxable property from the year preceding the year the ~~annual~~
 40 adjustment or general reassessment takes effect to the year that
 41 the ~~annual~~ adjustment or general reassessment is effective.
 42 STEP THREE: Determine the three (3) calendar years that

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1 immediately precede the ensuing calendar year and in which a
 2 statewide general reassessment of real property does not first
 3 become effective.

4 STEP FOUR: Compute separately, for each of the calendar years
 5 determined in STEP THREE, the actual percentage increase
 6 (rounded to the nearest one-hundredth percent (0.01%)) in the
 7 assessed value (before the adjustment, if any, under
 8 IC 6-1.1-4-4.5) of the taxable property from the preceding year.

9 STEP FIVE: Divide the sum of the three (3) quotients computed
 10 in STEP FOUR by three (3).

11 STEP SIX: Determine the greater of the following:

12 (A) Zero (0).

13 (B) The result of the STEP TWO percentage minus the STEP
 14 FIVE percentage.

15 STEP SEVEN: Determine the quotient of the STEP ONE tax rate
 16 divided by the sum of one (1) plus the STEP SIX percentage
 17 increase.

18 (d) The department of local government finance shall compute the
 19 maximum rate allowed under subsection (c) and provide the rate to
 20 each political subdivision with authority to levy a tax under a statute
 21 listed in subsection (a).

22 SECTION 11. IC 6-1.1-18.5-13, AS AMENDED BY P.L.146-2008,
 23 SECTION 180, IS AMENDED TO READ AS FOLLOWS
 24 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 13. With
 25 respect to an appeal filed under section 12 of this chapter, the local
 26 government tax control board may recommend that a civil taxing unit
 27 receive any one (1) or more of the following types of relief:

28 (1) Permission to the civil taxing unit to increase its levy in excess
 29 of the limitations established under section 3 of this chapter, if in
 30 the judgment of the local government tax control board the
 31 increase is reasonably necessary due to increased costs of the civil
 32 taxing unit resulting from annexation, consolidation, or other
 33 extensions of governmental services by the civil taxing unit to
 34 additional geographic areas or persons. With respect to
 35 annexation, consolidation, or other extensions of governmental
 36 services in a calendar year, if those increased costs are incurred
 37 by the civil taxing unit in that calendar year and more than one (1)
 38 immediately succeeding calendar year, the unit may appeal under
 39 section 12 of this chapter for permission to increase its levy under
 40 this subdivision based on those increased costs in any of the
 41 following:

42 (A) The first calendar year in which those costs are incurred.

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- 1 (B) One (1) or more of the immediately succeeding four (4)
 2 calendar years.
- 3 (2) A levy increase may not be granted under this subdivision for
 4 property taxes first due and payable after December 31, 2008.
 5 Permission to the civil taxing unit to increase its levy in excess of
 6 the limitations established under section 3 of this chapter, if the
 7 local government tax control board finds that the civil taxing unit
 8 needs the increase to meet the civil taxing unit's share of the costs
 9 of operating a court established by statute enacted after December
 10 31, 1973. Before recommending such an increase, the local
 11 government tax control board shall consider all other revenues
 12 available to the civil taxing unit that could be applied for that
 13 purpose. The maximum aggregate levy increases that the local
 14 government tax control board may recommend for a particular
 15 court equals the civil taxing unit's estimate of the unit's share of
 16 the costs of operating a court for the first full calendar year in
 17 which it is in existence. For purposes of this subdivision, costs of
 18 operating a court include:
- 19 (A) the cost of personal services (including fringe benefits);
 20 (B) the cost of supplies; and
 21 (C) any other cost directly related to the operation of the court.
- 22 (3) Permission to the civil taxing unit to increase its levy in excess
 23 of the limitations established under section 3 of this chapter, if the
 24 local government tax control board finds that the quotient
 25 determined under STEP SIX of the following formula is equal to
 26 or greater than one and two-hundredths (1.02):
- 27 STEP ONE: Determine the three (3) calendar years that most
 28 immediately precede the ensuing calendar year and in which
 29 a statewide general reassessment of real property or the initial
 30 ~~annual~~ adjustment of the assessed value of real property under
 31 IC 6-1.1-4-4.5 does not first become effective.
- 32 STEP TWO: Compute separately, for each of the calendar
 33 years determined in STEP ONE, the quotient (rounded to the
 34 nearest ten-thousandth (0.0001)) of the sum of the civil taxing
 35 unit's total assessed value of all taxable property and:
- 36 (i) for a particular calendar year before 2007, the total
 37 assessed value of property tax deductions in the unit under
 38 IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar
 39 year; or
 40 (ii) for a particular calendar year after 2006, the total
 41 assessed value of property tax deductions that applied in the
 42 unit under IC 6-1.1-12-42 in 2006;

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divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP THREE: Divide the sum of the three (3) quotients computed in STEP TWO by three (3).

STEP FOUR: Compute separately, for each of the calendar years determined in STEP ONE, the quotient (rounded to the nearest ten-thousandth (0.0001)) of the sum of the total assessed value of all taxable property in all counties and:

(i) for a particular calendar year before 2007, the total assessed value of property tax deductions in all counties under IC 6-1.1-12-41 or IC 6-1.1-12-42 in the particular calendar year; or

(ii) for a particular calendar year after 2006, the total assessed value of property tax deductions that applied in all counties under IC 6-1.1-12-42 in 2006;

divided by the sum determined under this STEP for the calendar year immediately preceding the particular calendar year.

STEP FIVE: Divide the sum of the three (3) quotients computed in STEP FOUR by three (3).

STEP SIX: Divide the STEP THREE amount by the STEP FIVE amount.

The civil taxing unit may increase its levy by a percentage not greater than the percentage by which the STEP THREE amount exceeds the percentage by which the civil taxing unit may increase its levy under section 3 of this chapter based on the assessed value growth quotient determined under section 2 of this chapter.

(4) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the civil taxing unit needs the increase to pay the costs of furnishing fire protection for the civil taxing unit through a volunteer fire department. For purposes of determining a township's need for an increased levy, the local government tax control board shall not consider the amount of money borrowed under IC 36-6-6-14 during the immediately preceding calendar year. However, any increase in the amount of the civil taxing unit's levy recommended by the local government tax control board under this subdivision for the

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ensuing calendar year may not exceed the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) twenty percent (20%) of:

(i) the amount authorized for operating expenses of a volunteer fire department in the budget of the civil taxing unit for the immediately preceding calendar year; plus

(ii) the amount of any additional appropriations authorized during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department under this chapter; minus

(iii) the amount of money borrowed under IC 36-6-6-14 during that calendar year for the civil taxing unit's use in paying operating expenses of a volunteer fire department.

(5) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter in order to raise revenues for pension payments and contributions the civil taxing unit is required to make under IC 36-8. The maximum increase in a civil taxing unit's levy that may be recommended under this subdivision for an ensuing calendar year equals the amount, if any, by which the pension payments and contributions the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4.

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The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

(7) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six

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hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300); and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2008. Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

- (i) was issued by a federal district court; and
- (ii) has not been terminated;

(C) that operates a county jail that fails to meet:

- (i) American Correctional Association Jail Construction Standards; and
- (ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet

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1 standards equivalent to the standards described in clause (C)
 2 for the operation of juvenile detention centers.
 3 Before recommending an increase, the local government tax
 4 control board shall consider all other revenues available to the
 5 county that could be applied for that purpose. An appeal for
 6 operating funds for a jail or a juvenile detention center shall be
 7 considered individually, if a jail and juvenile detention center are
 8 both opened in one (1) county. The maximum aggregate levy
 9 increases that the local government tax control board may
 10 recommend for a county equals the county's share of the costs of
 11 operating the jail or a juvenile detention center for the first full
 12 calendar year in which the jail or juvenile detention center is in
 13 operation.
 14 (10) A levy increase may not be granted under this subdivision for
 15 property taxes first due and payable after December 31, 2008.
 16 Permission for a township to increase its levy in excess of the
 17 limitations established under section 3 of this chapter, if the local
 18 government tax control board finds that the township needs the
 19 increase so that the property tax rate to pay the costs of furnishing
 20 fire protection for a township, or a portion of a township, enables
 21 the township to pay a fair and reasonable amount under a contract
 22 with the municipality that is furnishing the fire protection.
 23 However, for the first time an appeal is granted the resulting rate
 24 increase may not exceed fifty percent (50%) of the difference
 25 between the rate imposed for fire protection within the
 26 municipality that is providing the fire protection to the township
 27 and the township's rate. A township is required to appeal a second
 28 time for an increase under this subdivision if the township wants
 29 to further increase its rate. However, a township's rate may be
 30 increased to equal but may not exceed the rate that is used by the
 31 municipality. More than one (1) township served by the same
 32 municipality may use this appeal.
 33 (11) A levy increase may not be granted under this subdivision for
 34 property taxes first due and payable after December 31, 2008.
 35 Permission for a township to increase its levy in excess of the
 36 limitations established under section 3 of this chapter, if the local
 37 government tax control board finds that the township has been
 38 required, for the three (3) consecutive years preceding the year for
 39 which the appeal under this subdivision is to become effective, to
 40 borrow funds under IC 36-6-6-14 to furnish fire protection for the
 41 township or a part of the township. However, the maximum
 42 increase in a township's levy that may be allowed under this

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subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2008. Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter due to a natural disaster, an accident, or another unanticipated emergency.

SECTION 12. IC 6-1.1-39-5, AS AMENDED BY P.L.146-2008, SECTION 296, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 5. (a) A declaratory ordinance adopted under section 2 of this chapter and confirmed under section 3 of this chapter must include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. The allocation provision must apply to the entire economic development district. The allocation provisions must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the economic development district be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of

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the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units. However, if the effective date of the allocation provision of a declaratory ordinance is after March 1, 1985, and before January 1, 1986, and if an improvement to property was partially completed on March 1, 1985, the unit may provide in the declaratory ordinance that the taxes attributable to the assessed value of the property as finally determined for March 1, 1984, shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, part or all of the property tax proceeds in excess of those described in subdivision (1), as specified in the declaratory ordinance, shall be allocated to the unit for the economic development district and, when collected, paid into a special fund established by the unit for that economic development district that may be used only to pay the principal of and interest on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district. The amount not paid into the special fund shall be paid to the respective units in the manner prescribed by subdivision (1).

(3) When the money in the fund is sufficient to pay all outstanding principal of and interest (to the earliest date on which the obligations can be redeemed) on obligations owed by the unit under IC 4-4-8 (before its repeal) or IC 5-28-9 for the financing of industrial development programs in, or serving, that economic development district, money in the special fund in excess of that amount shall be paid to the respective taxing units in the manner prescribed by subdivision (1).

(b) Property tax proceeds allocable to the economic development district under subsection (a)(2) must, subject to subsection (a)(3), be irrevocably pledged by the unit for payment as set forth in subsection (a)(2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the economic development district that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory

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ordinance is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Notwithstanding any other law, each assessor shall, upon petition of the fiscal body, reassess the taxable property situated upon or in, or added to, the economic development district effective on the next assessment date after the petition.

(e) Notwithstanding any other law, the assessed value of all taxable property in the economic development district, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located, is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(f) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1.

(g) As used in this section, "property taxes" means:

- (1) taxes imposed under this article on real property; and
- (2) any part of the taxes imposed under this article on depreciable personal property that the unit has by ordinance allocated to the economic development district. However, the ordinance may not limit the allocation to taxes on depreciable personal property with any particular useful life or lives.

If a unit had, by ordinance adopted before May 8, 1987, allocated to an economic development district property taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the ordinance continues in effect until an ordinance is adopted by the unit under subdivision (2).

(h) As used in this section, "base assessed value" means:

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(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (f); plus

(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Subdivision (2) applies only to economic development districts established after June 30, 1997, and to additional areas established after June 30, 1997.

SECTION 13. IC 8-22-3.5-11, AS AMENDED BY P.L.154-2006, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 11. (a) The state board of accounts and the department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department consider appropriate for the implementation of this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.

(c) After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value (as defined in section 9 of this chapter) to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the airport development zone's special funds under section 9 of this chapter.

SECTION 14. IC 36-7-14-39, AS AMENDED BY P.L.146-2008, SECTION 738, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 39. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a declaratory resolution adopted under section 15 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory

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1 resolution establishing an economic development area:

2 (A) the net assessed value of all the property as finally
3 determined for the assessment date immediately preceding the
4 effective date of the allocation provision of the declaratory
5 resolution, as adjusted under subsection (h); plus

6 (B) to the extent that it is not included in clause (A), the net
7 assessed value of property that is assessed as residential
8 property under the rules of the department of local government
9 finance, as finally determined for any assessment date after the
10 effective date of the allocation provision.

11 (2) If an allocation provision is adopted after June 30, 1997, in a
12 declaratory resolution or an amendment to a declaratory
13 resolution establishing a redevelopment project area:

14 (A) the net assessed value of all the property as finally
15 determined for the assessment date immediately preceding the
16 effective date of the allocation provision of the declaratory
17 resolution, as adjusted under subsection (h); plus

18 (B) to the extent that it is not included in clause (A), the net
19 assessed value of property that is assessed as residential
20 property under the rules of the department of local government
21 finance, as finally determined for any assessment date after the
22 effective date of the allocation provision.

23 (3) If:

24 (A) an allocation provision adopted before June 30, 1995, in
25 a declaratory resolution or an amendment to a declaratory
26 resolution establishing a redevelopment project area expires
27 after June 30, 1997; and

28 (B) after June 30, 1997, a new allocation provision is included
29 in an amendment to the declaratory resolution;

30 the net assessed value of all the property as finally determined for
31 the assessment date immediately preceding the effective date of
32 the allocation provision adopted after June 30, 1997, as adjusted
33 under subsection (h).

34 (4) Except as provided in subdivision (5), for all other allocation
35 areas, the net assessed value of all the property as finally
36 determined for the assessment date immediately preceding the
37 effective date of the allocation provision of the declaratory
38 resolution, as adjusted under subsection (h).

39 (5) If an allocation area established in an economic development
40 area before July 1, 1995, is expanded after June 30, 1995, the
41 definition in subdivision (1) applies to the expanded part of the
42 area added after June 30, 1995.

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(6) If an allocation area established in a redevelopment project area before July 1, 1997, is expanded after June 30, 1997, the definition in subdivision (2) applies to the expanded part of the area added after June 30, 1997.

Except as provided in section 39.3 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property. However, upon approval by a resolution of the redevelopment commission adopted before June 1, 1987, "property taxes" also includes taxes imposed under IC 6-1.1 on depreciable personal property. If a redevelopment commission adopted before June 1, 1987, a resolution to include within the definition of property taxes taxes imposed under IC 6-1.1 on depreciable personal property that has a useful life in excess of eight (8) years, the commission may by resolution determine the percentage of taxes imposed under IC 6-1.1 on all depreciable personal property that will be included within the definition of property taxes. However, the percentage included must not exceed twenty-five percent (25%) of the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A declaratory resolution adopted under section 15 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by the amendment of that declaratory resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision after June 30, 1995, must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the allocation provision is established. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any

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public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds which are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 27 of this chapter.

(D) Pay the principal of and interest on bonds issued by the unit to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 25.2 of this chapter.

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically

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connected to that allocation area under any lease entered into under IC 36-1-10.

(I) For property taxes first due and payable before January 1, 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the redevelopment commission. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 39.5 of this chapter (before its repeal) in the same year.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

(K) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

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1 However, the total amount of money spent for this purpose in
 2 any year may not exceed the total amount of money in the
 3 allocation fund that is attributable to property taxes paid by the
 4 industrial facilities described in this clause. The
 5 reimbursements under this clause must be made within three
 6 (3) years after the date on which the investments that are the
 7 basis for the increment financing are made.

8 The allocation fund may not be used for operating expenses of the
 9 commission.

10 (3) Except as provided in subsection (g), before July 15 of each
 11 year the commission shall do the following:

12 (A) Determine the amount, if any, by which the assessed value
 13 of the taxable property in the allocation area for the most
 14 recent assessment date minus the base assessed value, when
 15 multiplied by the estimated tax rate of the allocation area, will
 16 exceed the amount of assessed value needed to produce the
 17 property taxes necessary to make, when due, principal and
 18 interest payments on bonds described in subdivision (2) plus
 19 the amount necessary for other purposes described in
 20 subdivision (2).

21 (B) Provide a written notice to the county auditor, the fiscal
 22 body of the county or municipality that established the
 23 department of redevelopment, and the officers who are
 24 authorized to fix budgets, tax rates, and tax levies under
 25 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 26 or partly located within the allocation area. The notice must:

27 (i) state the amount, if any, of excess assessed value that the
 28 commission has determined may be allocated to the
 29 respective taxing units in the manner prescribed in
 30 subdivision (1); or

31 (ii) state that the commission has determined that there is no
 32 excess assessed value that may be allocated to the respective
 33 taxing units in the manner prescribed in subdivision (1).

34 The county auditor shall allocate to the respective taxing units
 35 the amount, if any, of excess assessed value determined by the
 36 commission. The commission may not authorize an allocation
 37 of assessed value to the respective taxing units under this
 38 subdivision if to do so would endanger the interests of the
 39 holders of bonds described in subdivision (2) or lessors under
 40 section 25.3 of this chapter.

41 (c) For the purpose of allocating taxes levied by or for any taxing
 42 unit or units, the assessed value of taxable property in a territory in the

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allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the redevelopment commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata portion of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those

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described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. Those programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines

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under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 15. IC 36-7-15.1-26, AS AMENDED BY P.L.146-2008, SECTION 755, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 26. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 8 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means the following:

(1) If an allocation provision is adopted after June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing an economic development area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(2) If an allocation provision is adopted after June 30, 1997, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

(3) If:

(A) an allocation provision adopted before June 30, 1995, in a declaratory resolution or an amendment to a declaratory resolution establishing a redevelopment project area expires after June 30, 1997; and

(B) after June 30, 1997, a new allocation provision is included

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in an amendment to the declaratory resolution;
the net assessed value of all the property as finally determined for
the assessment date immediately preceding the effective date of
the allocation provision adopted after June 30, 1997, as adjusted
under subsection (h).

(4) Except as provided in subdivision (5), for all other allocation
areas, the net assessed value of all the property as finally
determined for the assessment date immediately preceding the
effective date of the allocation provision of the declaratory
resolution, as adjusted under subsection (h).

(5) If an allocation area established in an economic development
area before July 1, 1995, is expanded after June 30, 1995, the
definition in subdivision (1) applies to the expanded part of the
area added after June 30, 1995.

(6) If an allocation area established in a redevelopment project
area before July 1, 1997, is expanded after June 30, 1997, the
definition in subdivision (2) applies to the expanded part of the
area added after June 30, 1997.

Except as provided in section 26.2 of this chapter, "property taxes"
means taxes imposed under IC 6-1.1 on real property. However, upon
approval by a resolution of the redevelopment commission adopted
before June 1, 1987, "property taxes" also includes taxes imposed
under IC 6-1.1 on depreciable personal property. If a redevelopment
commission adopted before June 1, 1987, a resolution to include within
the definition of property taxes taxes imposed under IC 6-1.1 on
depreciable personal property that has a useful life in excess of eight
(8) years, the commission may by resolution determine the percentage
of taxes imposed under IC 6-1.1 on all depreciable personal property
that will be included within the definition of property taxes. However,
the percentage included must not exceed twenty-five percent (25%) of
the taxes imposed under IC 6-1.1 on all depreciable personal property.

(b) A resolution adopted under section 8 of this chapter on or before
the allocation deadline determined under subsection (i) may include a
provision with respect to the allocation and distribution of property
taxes for the purposes and in the manner provided in this section. A
resolution previously adopted may include an allocation provision by
the amendment of that resolution on or before the allocation deadline
determined under subsection (i) in accordance with the procedures
required for its original adoption. A declaratory resolution or an
amendment that establishes an allocation provision after June 30, 1995,
must specify an expiration date for the allocation provision. For an
allocation area established before July 1, 2008, the expiration date may

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not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the allocation provision is established. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 19 of this chapter.

(D) Pay the principal of and interest on bonds issued by the consolidated city to pay for local public improvements that are

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physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 17.1 of this chapter.

(G) Reimburse the consolidated city for expenditures for local public improvements (which include buildings, parking facilities, and other items set forth in section 17 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made within three (3) years after the date on which the investments that are the basis for the increment financing are made.

The special fund may not be used for operating expenses of the commission.

(3) Before July 15 of each year, the commission shall do the following:

(A) Determine the amount, if any, by which the assessed value of the taxable property in the allocation area for the most recent assessment date minus the base assessed value, when multiplied by the estimated tax rate of the allocation area, will exceed the amount of assessed value needed to provide the property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in

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subdivision (2) and subsection (g).

(B) Provide a written notice to the county auditor, the legislative body of the consolidated city, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of excess assessed value that the commission has determined may be allocated to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the commission has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the commission. The commission may not authorize an allocation to the respective taxing units under this subdivision if to do so would endanger the interests of the holders of bonds described in subdivision (2).

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by any taxing unit after the effective date of the allocation provision of the resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the redevelopment district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the redevelopment district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the commission, reassess the taxable property situated upon or in, or added to, the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and formulation of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

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(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund the amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. A unit that has no obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) in the fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone. The unit that creates the special zone fund shall use the fund, based on the recommendations of the urban enterprise association, for one (1) or more of the following purposes:

(1) To pay for programs in job training, job enrichment, and basic skill development designed to benefit residents and employers in the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in the enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1)

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time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 16. IC 36-7-15.1-53, AS AMENDED BY P.L.146-2008, SECTION 765, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 53. (a) As used in this section:

"Allocation area" means that part of a redevelopment project area to which an allocation provision of a resolution adopted under section 40 of this chapter refers for purposes of distribution and allocation of property taxes.

"Base assessed value" means:

(1) the net assessed value of all the property as finally determined for the assessment date immediately preceding the effective date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

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(2) to the extent that it is not included in subdivision (1), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Except as provided in section 55 of this chapter, "property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A resolution adopted under section 40 of this chapter on or before the allocation deadline determined under subsection (i) may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A resolution previously adopted may include an allocation provision by the amendment of that resolution on or before the allocation deadline determined under subsection (i) in accordance with the procedures required for its original adoption. A declaratory resolution or an amendment that establishes an allocation provision must be approved by resolution of the legislative body of the excluded city and must specify an expiration date for the allocation provision. For an allocation area established before July 1, 2008, the expiration date may not be more than thirty (30) years after the date on which the allocation provision is established. For an allocation area established after June 30, 2008, the expiration date may not be more than twenty-five (25) years after the date on which the allocation provision is established. However, with respect to bonds or other obligations that were issued before July 1, 2008, if any of the bonds or other obligations that were scheduled when issued to mature before the specified expiration date and that are payable only from allocated tax proceeds with respect to the allocation area remain outstanding as of the expiration date, the allocation provision does not expire until all of the bonds or other obligations are no longer outstanding. The allocation provision may apply to all or part of the redevelopment project area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of

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the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the redevelopment district and, when collected, paid into a special fund for that allocation area that may be used by the redevelopment district only to do one (1) or more of the following:

(A) Pay the principal of and interest on any obligations payable solely from allocated tax proceeds that are incurred by the redevelopment district for the purpose of financing or refinancing the redevelopment of that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area.

(C) Pay the principal of and interest on bonds payable from allocated tax proceeds in that allocation area and from the special tax levied under section 50 of this chapter.

(D) Pay the principal of and interest on bonds issued by the excluded city to pay for local public improvements that are physically located in or physically connected to that allocation area.

(E) Pay premiums on the redemption before maturity of bonds payable solely or in part from allocated tax proceeds in that allocation area.

(F) Make payments on leases payable from allocated tax proceeds in that allocation area under section 46 of this chapter.

(G) Reimburse the excluded city for expenditures for local public improvements (which include buildings, park facilities, and other items set forth in section 45 of this chapter) that are physically located in or physically connected to that allocation area.

(H) Reimburse the unit for rentals paid by it for a building or parking facility that is physically located in or physically connected to that allocation area under any lease entered into under IC 36-1-10.

(I) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

(i) in the allocation area; and

(ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

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1 However, the total amount of money spent for this purpose in
 2 any year may not exceed the total amount of money in the
 3 allocation fund that is attributable to property taxes paid by the
 4 industrial facilities described in this clause. The
 5 reimbursements under this clause must be made within three
 6 (3) years after the date on which the investments that are the
 7 basis for the increment financing are made.

8 The special fund may not be used for operating expenses of the
 9 commission.

10 (3) Before July 15 of each year, the commission shall do the
 11 following:

12 (A) Determine the amount, if any, by which the assessed value
 13 of the taxable property in the allocation area for the most
 14 recent assessment date minus the base assessed value, when
 15 multiplied by the estimated tax rate of the allocation area, will
 16 exceed the amount of assessed value needed to provide the
 17 property taxes necessary to make, when due, principal and
 18 interest payments on bonds described in subdivision (2) plus
 19 the amount necessary for other purposes described in
 20 subdivision (2) and subsection (g).

21 (B) Provide a written notice to the county auditor, the fiscal
 22 body of the county or municipality that established the
 23 department of redevelopment, and the officers who are
 24 authorized to fix budgets, tax rates, and tax levies under
 25 IC 6-1.1-17-5 for each of the other taxing units that is wholly
 26 or partly located within the allocation area. The notice must:

27 (i) state the amount, if any, of excess assessed value that the
 28 commission has determined may be allocated to the
 29 respective taxing units in the manner prescribed in
 30 subdivision (1); or

31 (ii) state that the commission has determined that there is no
 32 excess assessed value that may be allocated to the respective
 33 taxing units in the manner prescribed in subdivision (1).

34 The county auditor shall allocate to the respective taxing units
 35 the amount, if any, of excess assessed value determined by the
 36 commission. The commission may not authorize an allocation
 37 to the respective taxing units under this subdivision if to do so
 38 would endanger the interests of the holders of bonds described
 39 in subdivision (2).

40 (c) For the purpose of allocating taxes levied by or for any taxing
 41 unit or units, the assessed value of taxable property in a territory in the
 42 allocation area that is annexed by any taxing unit after the effective

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1 date of the allocation provision of the resolution is the lesser of:

- 2 (1) the assessed value of the property for the assessment date with
 3 respect to which the allocation and distribution is made; or
 4 (2) the base assessed value.

5 (d) Property tax proceeds allocable to the redevelopment district
 6 under subsection (b)(2) may, subject to subsection (b)(3), be
 7 irrevocably pledged by the redevelopment district for payment as set
 8 forth in subsection (b)(2).

9 (e) Notwithstanding any other law, each assessor shall, upon
 10 petition of the commission, reassess the taxable property situated upon
 11 or in, or added to, the allocation area, effective on the next assessment
 12 date after the petition.

13 (f) Notwithstanding any other law, the assessed value of all taxable
 14 property in the allocation area, for purposes of tax limitation, property
 15 tax replacement, and formulation of the budget, tax rate, and tax levy
 16 for each political subdivision in which the property is located, is the
 17 lesser of:

- 18 (1) the assessed value of the property as valued without regard to
 19 this section; or
 20 (2) the base assessed value.

21 (g) If any part of the allocation area is located in an enterprise zone
 22 created under IC 5-28-15, the unit that designated the allocation area
 23 shall create funds as specified in this subsection. A unit that has
 24 obligations, bonds, or leases payable from allocated tax proceeds under
 25 subsection (b)(2) shall establish an allocation fund for the purposes
 26 specified in subsection (b)(2) and a special zone fund. Such a unit
 27 shall, until the end of the enterprise zone phase out period, deposit each
 28 year in the special zone fund the amount in the allocation fund derived
 29 from property tax proceeds in excess of those described in subsection
 30 (b)(1) from property located in the enterprise zone that exceeds the
 31 amount sufficient for the purposes specified in subsection (b)(2) for the
 32 year. A unit that has no obligations, bonds, or leases payable from
 33 allocated tax proceeds under subsection (b)(2) shall establish a special
 34 zone fund and deposit all the property tax proceeds in excess of those
 35 described in subsection (b)(1) in the fund derived from property tax
 36 proceeds in excess of those described in subsection (b)(1) from
 37 property located in the enterprise zone. The unit that creates the special
 38 zone fund shall use the fund, based on the recommendations of the
 39 urban enterprise association, for one (1) or more of the following
 40 purposes:

- 41 (1) To pay for programs in job training, job enrichment, and basic
 42 skill development designed to benefit residents and employers in

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the enterprise zone. The programs must reserve at least one-half (1/2) of the enrollment in any session for residents of the enterprise zone.

(2) To make loans and grants for the purpose of stimulating business activity in the enterprise zone or providing employment for enterprise zone residents in an enterprise zone. These loans and grants may be made to the following:

(A) Businesses operating in the enterprise zone.

(B) Businesses that will move their operations to the enterprise zone if such a loan or grant is made.

(3) To provide funds to carry out other purposes specified in subsection (b)(2). However, where reference is made in subsection (b)(2) to the allocation area, the reference refers, for purposes of payments from the special zone fund, only to that part of the allocation area that is also located in the enterprise zone.

(h) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that they consider expedient for the implementation of this chapter. After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the redevelopment district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the redevelopment district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the redevelopment district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

(i) The allocation deadline referred to in subsection (b) is determined in the following manner:

(1) The initial allocation deadline is December 31, 2011.

(2) Subject to subdivision (3), the initial allocation deadline and subsequent allocation deadlines are automatically extended in increments of five (5) years, so that allocation deadlines subsequent to the initial allocation deadline fall on December 31, 2016, and December 31 of each fifth year thereafter.

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(3) At least one (1) year before the date of an allocation deadline determined under subdivision (2), the general assembly may enact a law that:

(A) terminates the automatic extension of allocation deadlines under subdivision (2); and

(B) specifically designates a particular date as the final allocation deadline.

SECTION 17. IC 36-7-30-25, AS AMENDED BY P.L.146-2008, SECTION 770, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 25. (a) The following definitions apply throughout this section:

(1) "Allocation area" means that part of a military base reuse area to which an allocation provision of a declaratory resolution adopted under section 10 of this chapter refers for purposes of distribution and allocation of property taxes.

(2) "Base assessed value" means:

(A) the net assessed value of all the property as finally determined for the assessment date immediately preceding the adoption date of the allocation provision of the declaratory resolution, as adjusted under subsection (h); plus

(B) to the extent that it is not included in clause (A) or (C), the net assessed value of any and all parcels or classes of parcels identified as part of the base assessed value in the declaratory resolution or an amendment thereto, as finally determined for any subsequent assessment date; plus

(C) to the extent that it is not included in clause (A) or (B), the net assessed value of property that is assessed as residential property under the rules of the department of local government finance, as finally determined for any assessment date after the effective date of the allocation provision.

Clause (C) applies only to allocation areas established in a military reuse area after June 30, 1997, and to the part of an allocation area that was established before June 30, 1997, and that is added to an existing allocation area after June 30, 1997.

(3) "Property taxes" means taxes imposed under IC 6-1.1 on real property.

(b) A declaratory resolution adopted under section 10 of this chapter before the date set forth in IC 36-7-14-39(b) pertaining to declaratory resolutions adopted under IC 36-7-14-15 may include a provision with respect to the allocation and distribution of property taxes for the purposes and in the manner provided in this section. A declaratory resolution previously adopted may include an allocation provision by

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the amendment of that declaratory resolution in accordance with the procedures set forth in section 13 of this chapter. The allocation provision may apply to all or part of the military base reuse area. The allocation provision must require that any property taxes subsequently levied by or for the benefit of any public body entitled to a distribution of property taxes on taxable property in the allocation area be allocated and distributed as follows:

(1) Except as otherwise provided in this section, the proceeds of the taxes attributable to the lesser of:

(A) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(B) the base assessed value;

shall be allocated to and, when collected, paid into the funds of the respective taxing units.

(2) Except as otherwise provided in this section, property tax proceeds in excess of those described in subdivision (1) shall be allocated to the military base reuse district and, when collected, paid into an allocation fund for that allocation area that may be used by the military base reuse district and only to do one (1) or more of the following:

(A) Pay the principal of and interest and redemption premium on any obligations incurred by the military base reuse district or any other entity for the purpose of financing or refinancing military base reuse activities in or directly serving or benefiting that allocation area.

(B) Establish, augment, or restore the debt service reserve for bonds payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the reuse authority, including lease rental revenues.

(C) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(D) Reimburse any other governmental body for expenditures made for local public improvements (or structures) in or directly serving or benefiting that allocation area.

(E) For property taxes first due and payable before 2009, pay all or a part of a property tax replacement credit to taxpayers in an allocation area as determined by the reuse authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:
STEP ONE: Determine that part of the sum of the amounts

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under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; times
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 27 of this chapter (before its repeal) in the same year.

(F) Pay expenses incurred by the reuse authority for local public improvements or structures that were in the allocation area or directly serving or benefiting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the reuse authority.

(3) Except as provided in subsection (g), before July 15 of each year the reuse authority shall do the following:

- (A) Determine the amount, if any, by which property taxes

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payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Provide a written notice to the county auditor, the fiscal body of the unit that established the reuse authority, and the officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

- (i) state the amount, if any, of excess property taxes that the reuse authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or
- (ii) state that the reuse authority has determined that there are no excess property tax proceeds that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditor shall allocate to the respective taxing units the amount, if any, of excess property tax proceeds determined by the reuse authority. The reuse authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 19 of this chapter. Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

- (1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or
- (2) the base assessed value.

(d) Property tax proceeds allocable to the military base reuse district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base reuse district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon petition of the reuse authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

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(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

- (1) the assessed value of the property as valued without regard to this section; or
- (2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the unit that designated the allocation area shall create funds as specified in this subsection. A unit that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. Such a unit shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A unit that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The unit that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base reuse district

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1 under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5,
 2 the department of local government finance shall adjust the base
 3 assessed value to neutralize any effect of the ~~annual~~ adjustment on the
 4 property tax proceeds allocated to the military base reuse district under
 5 this section. However, the adjustments under this subsection may not
 6 include the effect of property tax abatements under IC 6-1.1-12.1, and
 7 these adjustments may not produce less property tax proceeds allocable
 8 to the military base reuse district under subsection (b)(2) than would
 9 otherwise have been received if the general reassessment or ~~annual~~
 10 adjustment had not occurred. The department of local government
 11 finance may prescribe procedures for county and township officials to
 12 follow to assist the department in making the adjustments.

13 SECTION 18. IC 36-7-30.5-30, AS AMENDED BY P.L.146-2008,
 14 SECTION 772, IS AMENDED TO READ AS FOLLOWS
 15 [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 30. (a) The
 16 following definitions apply throughout this section:

17 (1) "Allocation area" means that part of a military base
 18 development area to which an allocation provision of a
 19 declaratory resolution adopted under section 16 of this chapter
 20 refers for purposes of distribution and allocation of property taxes.

21 (2) "Base assessed value" means:

22 (A) the net assessed value of all the property as finally
 23 determined for the assessment date immediately preceding the
 24 adoption date of the allocation provision of the declaratory
 25 resolution, as adjusted under subsection (h); plus

26 (B) to the extent that it is not included in clause (A) or (C), the
 27 net assessed value of any and all parcels or classes of parcels
 28 identified as part of the base assessed value in the declaratory
 29 resolution or an amendment to the declaratory resolution, as
 30 finally determined for any subsequent assessment date; plus
 31 (C) to the extent that it is not included in clause (A) or (B), the
 32 net assessed value of property that is assessed as residential
 33 property under the rules of the department of local government
 34 finance, as finally determined for any assessment date after the
 35 effective date of the allocation provision.

36 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 37 property.

38 (b) A declaratory resolution adopted under section 16 of this chapter
 39 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 40 resolutions adopted under IC 36-7-14-15 may include a provision with
 41 respect to the allocation and distribution of property taxes for the
 42 purposes and in the manner provided in this section. A declaratory

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1 resolution previously adopted may include an allocation provision by
 2 the amendment of that declaratory resolution in accordance with the
 3 procedures set forth in section 18 of this chapter. The allocation
 4 provision may apply to all or part of the military base development
 5 area. The allocation provision must require that any property taxes
 6 subsequently levied by or for the benefit of any public body entitled to
 7 a distribution of property taxes on taxable property in the allocation
 8 area be allocated and distributed as follows:

9 (1) Except as otherwise provided in this section, the proceeds of
 10 the taxes attributable to the lesser of:

11 (A) the assessed value of the property for the assessment date
 12 with respect to which the allocation and distribution is made;
 13 or

14 (B) the base assessed value;

15 shall be allocated to and, when collected, paid into the funds of
 16 the respective taxing units.

17 (2) Except as otherwise provided in this section, property tax
 18 proceeds in excess of those described in subdivision (1) shall be
 19 allocated to the development authority and, when collected, paid
 20 into an allocation fund for that allocation area that may be used by
 21 the development authority and only to do one (1) or more of the
 22 following:

23 (A) Pay the principal of and interest and redemption premium
 24 on any obligations incurred by the development authority or
 25 any other entity for the purpose of financing or refinancing
 26 military base development or reuse activities in or directly
 27 serving or benefitting that allocation area.

28 (B) Establish, augment, or restore the debt service reserve for
 29 bonds payable solely or in part from allocated tax proceeds in
 30 that allocation area or from other revenues of the development
 31 authority, including lease rental revenues.

32 (C) Make payments on leases payable solely or in part from
 33 allocated tax proceeds in that allocation area.

34 (D) Reimburse any other governmental body for expenditures
 35 made for local public improvements (or structures) in or
 36 directly serving or benefitting that allocation area.

37 (E) For property taxes first due and payable before 2009, pay
 38 all or a part of a property tax replacement credit to taxpayers
 39 in an allocation area as determined by the development
 40 authority. This credit equals the amount determined under the
 41 following STEPS for each taxpayer in a taxing district (as
 42 defined in IC 6-1.1-1-20) that contains all or part of the

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allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (i) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (ii) the STEP ONE sum.

STEP THREE: Multiply:

- (i) the STEP TWO quotient; by
- (ii) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that have been allocated during that year to an allocation fund under this section.

If not all the taxpayers in an allocation area receive the credit in full, each taxpayer in the allocation area is entitled to receive the same proportion of the credit. A taxpayer may not receive a credit under this section and a credit under section 32 of this chapter (before its repeal) in the same year.

(F) Pay expenses incurred by the development authority for local public improvements or structures that were in the allocation area or directly serving or benefitting the allocation area.

(G) Reimburse public and private entities for expenses incurred in training employees of industrial facilities that are located:

- (i) in the allocation area; and
- (ii) on a parcel of real property that has been classified as industrial property under the rules of the department of local government finance.

However, the total amount of money spent for this purpose in any year may not exceed the total amount of money in the allocation fund that is attributable to property taxes paid by the industrial facilities described in this clause. The reimbursements under this clause must be made not more than three (3) years after the date on which the investments that are the basis for the increment financing are made.

The allocation fund may not be used for operating expenses of the development authority.

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(3) Except as provided in subsection (g), before July 15 of each year the development authority shall do the following:

(A) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary to make, when due, principal and interest payments on bonds described in subdivision (2) plus the amount necessary for other purposes described in subdivision (2).

(B) Provide a written notice to the appropriate county auditors and the fiscal bodies and other officers who are authorized to fix budgets, tax rates, and tax levies under IC 6-1.1-17-5 for each of the other taxing units that is wholly or partly located within the allocation area. The notice must:

(i) state the amount, if any, of the excess property taxes that the development authority has determined may be paid to the respective taxing units in the manner prescribed in subdivision (1); or

(ii) state that the development authority has determined that there is no excess assessed value that may be allocated to the respective taxing units in the manner prescribed in subdivision (1).

The county auditors shall allocate to the respective taxing units the amount, if any, of excess assessed value determined by the development authority. The development authority may not authorize a payment to the respective taxing units under this subdivision if to do so would endanger the interest of the holders of bonds described in subdivision (2) or lessors under section 24 of this chapter. Property taxes received by a taxing unit under this subdivision before 2009 are eligible for the property tax replacement credit provided under IC 6-1.1-21.

(c) For the purpose of allocating taxes levied by or for any taxing unit or units, the assessed value of taxable property in a territory in the allocation area that is annexed by a taxing unit after the effective date of the allocation provision of the declaratory resolution is the lesser of:

(1) the assessed value of the property for the assessment date with respect to which the allocation and distribution is made; or

(2) the base assessed value.

(d) Property tax proceeds allocable to the military base development district under subsection (b)(2) may, subject to subsection (b)(3), be irrevocably pledged by the military base development district for payment as set forth in subsection (b)(2).

(e) Notwithstanding any other law, each assessor shall, upon

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petition of the development authority, reassess the taxable property situated upon or in or added to the allocation area, effective on the next assessment date after the petition.

(f) Notwithstanding any other law, the assessed value of all taxable property in the allocation area, for purposes of tax limitation, property tax replacement, and the making of the budget, tax rate, and tax levy for each political subdivision in which the property is located is the lesser of:

(1) the assessed value of the property as valued without regard to this section; or

(2) the base assessed value.

(g) If any part of the allocation area is located in an enterprise zone created under IC 5-28-15, the development authority shall create funds as specified in this subsection. A development authority that has obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish an allocation fund for the purposes specified in subsection (b)(2) and a special zone fund. The development authority shall, until the end of the enterprise zone phase out period, deposit each year in the special zone fund any amount in the allocation fund derived from property tax proceeds in excess of those described in subsection (b)(1) from property located in the enterprise zone that exceeds the amount sufficient for the purposes specified in subsection (b)(2) for the year. The amount sufficient for purposes specified in subsection (b)(2) for the year shall be determined based on the pro rata part of such current property tax proceeds from the part of the enterprise zone that is within the allocation area as compared to all such current property tax proceeds derived from the allocation area. A development authority that does not have obligations, bonds, or leases payable from allocated tax proceeds under subsection (b)(2) shall establish a special zone fund and deposit all the property tax proceeds in excess of those described in subsection (b)(1) that are derived from property in the enterprise zone in the fund. The development authority that creates the special zone fund shall use the fund (based on the recommendations of the urban enterprise association) for programs in job training, job enrichment, and basic skill development that are designed to benefit residents and employers in the enterprise zone or for other purposes specified in subsection (b)(2), except that where reference is made in subsection (b)(2) to an allocation area it shall refer for purposes of payments from the special zone fund only to that part of the allocation area that is also located in the enterprise zone. The programs shall reserve at least one-half (1/2) of their enrollment in any session for residents of the enterprise zone.

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(h) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the military base development district under this section. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the military base development district under this section. However, the adjustments under this subsection may not include the effect of property tax abatements under IC 6-1.1-12.1, and these adjustments may not produce less property tax proceeds allocable to the military base development district under subsection (b)(2) than would otherwise have been received if the general reassessment or ~~annual~~ adjustment had not occurred. The department of local government finance may prescribe procedures for county and township officials to follow to assist the department in making the adjustments.

SECTION 19. IC 36-7-32-19, AS AMENDED BY P.L.154-2006, SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009 (RETROACTIVE)]: Sec. 19. (a) The state board of accounts and department of local government finance shall make the rules and prescribe the forms and procedures that the state board of accounts and department of local government finance consider appropriate for the implementation of an allocation area under this chapter.

(b) After each general reassessment under IC 6-1.1-4, the department of local government finance shall adjust the base assessed value one (1) time to neutralize any effect of the general reassessment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter. After each ~~annual~~ adjustment under IC 6-1.1-4-4.5, the department of local government finance shall adjust the base assessed value to neutralize any effect of the ~~annual~~ adjustment on the property tax proceeds allocated to the certified technology park fund under section 17 of this chapter.

SECTION 20. **An emergency is declared for this act.**

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